

## CHAPTER XXX.

### DEFINITIONS OF ECONOMIC TERMS.

Much of the confusion in the public discussion of economic problems arises from speakers and writers using the same word while meaning different things. This is particularly true with the terms land, labor, capital, profit, value, rent and wealth. It has been thought proper, therefore, to define these words, and while the definitions may not suit everybody, they are generally the same as those accepted by thoughtful writers on these topics. Many seem to lose sight of the fact that such a word as capital, for example, cannot be made to represent land at one time, labor at another, and wealth used productively at a third, without confusing the reader and leading to no uniform conclusion. In the desire to be understood, it is possible that I have occasionally given a popular rather than a scientific meaning to a word, but in the main the essentials have been preserved, I hope, so that the reader, with these definitions in mind, can fall into no grievous error.

### ANARCHY.

Anarchy, as defined by Benj. R. Tucker, an anarchist writer of great power, does not mean simply opposed to the archos, or political leader. It means opposed to arche. Now arche, in the first instance, means beginning, origin. From this it comes to mean a first principle, an element; then first place, supreme power, sovereignty, dominion, command, authority, and finally a sovereignty, an empire, a realm, a magistracy, a governmental office. Etymologically, then, the word anarchy may have several meanings. But the word anarchy as a philosophical term, and the word anarchist as the name of a philosophical sect, were first appropriated in the sense of opposition to dominion, to authority, and are so held by right of occu-

pancy, which fact makes any other philosophical use of them improper and confusing.

Anarchism is, then, according to Mr. Tucker, "the doctrine that all the affairs of men shall be managed by individuals or voluntary associations, and that the state shall be abolished," meaning by the word state "the embodiment of the principle of invasion in an individual, or a band of individuals, assuming to act as representatives or masters of the entire people within a given area." This definition is also approved by Joseph A. Labadie.

"We should be much helped in discussing anarchy if we used 'terrorists' for those anarchists who appeal to violence, and the word 'voluntarists' for those, like Tolstoy, who appeal to persuasion," says John Graham Brooks. The voluntarists are also called philosophical anarchists.

#### CAPITAL.

The term capital as used in "Economic Tangles," is that part of wealth used to produce more wealth. This, whether owned by the individual or by the community, and whether in large or small amounts.

#### COMMUNISM.

Though the dictionary gives anarchy and socialism as synonyms for communism, they are really totally different. As explained under the definition of socialism, which means "to every one according to his deeds," communism means "to every one according to his needs." Socialism insists on the right of private property, communism would make all property a common fund. It does not necessarily involve the abolition of the family, although in the Wallingford, Conn., and Oneida, N. Y., communities, this was the case. When used in the discussion of economic problems, communism should be restricted to mean a community where there is no private property, where wealth is distributed according to needs, and without reference to the wealth-creating abilities of the units.

#### GOVERNMENT.

Government means that system of administration having power to control the community. It is the authoritative administration of affairs of a state or other community.

## INTEREST.

Interest is that part of the joint product of labor and capital, in the form of wealth, due the capitalist for the use of his capital.

This is the standard definition. Socialists insist that interest is "that part of wealth taken from the product of labor by capitalists, for the privilege granted laborers to put in motion animate and inanimate labor for the purpose of producing more wealth."

## LABOR.

Labor means all human exertion. Many speak of "mental" and "physical" labor as if they were different things. This is an error. The wielder of the pen as well as the wielder of the pick is a laborer. Labor is any form of human exertion employed in the creation of value.

## LAND.

Land, as herein used, means all the natural forces of the world, including soil, air, water, all gases, and all solids. These are the gifts of the Creator to all alike, and are not and cannot be the products of human exertion. Land is not the creation of labor, therefore cannot be wealth.

## LAND VALUE.

Land value is the value of the special privilege of the occupancy of a particular spot of land to which all have an equal right, but from which all but one are and must be excluded. It has no reference to improvements on land.

## MONEY.

Money is a creature of law. It may or may not be wealth. Gold, silver, copper, or any other metal or thing, when coined into money, is wealth only to the amount of the labor involved in its production. Paper money, when backed by a rich and honest government, generally represents wealth, actual or potential, to the amount of its face value, but paper money cannot be wealth, for if it were the easiest way to make everybody rich would be to set the presses going and just print money. Money is a tool of trade, and as such is one of the

most potent factors in assisting exchanges of wealth, which is barter. And all trade is barter. When using the term money it is well to have in mind gold or silver, the market value being equal to the face value.

#### PROFIT.

Profit is a much-abused word, with a very wide or a very contracted meaning. In one school of political economy it means all of the price received in a transaction over and above the actual cost. Used in this way, profit means something for nothing. As generally used, profit is made to cover, besides the first cost of labor, the cost of superintendence, which is only another form of labor, interest on capital, rent, savings and even the cost of clerk hire, as well as the gain in the transaction. Whether or not this latter is a morally legitimate charge depends upon circumstances. The word is here generally used in its wider meaning.

#### PROPERTY.

The term property is used to mean goods, money, chattels, estate, ownership, possession, resources, wealth, etc. What may be property at one time may not be property at another. For example, slaves were once property, but the constitution of the United States was amended to exclude this kind of property. It might be said that anything that can be legally controlled and possessed is property. The word is not so much abused as are "capital," "wealth" and "land," and is not so often used when writing or talking on economic subjects.

#### RENT.

Rent is income derived from the ownership of land, and may be either in money or in kind. Popularly the term is made to cover the compensation paid for the use of any kind of property, movable or fixed. Specifically, as used by writers of political economy, it means that which is yielded by land in excess of the yield of the poorest land in cultivation under equal conditions.

#### SINGLE TAX

"Single Tax" is a term denoting the movement which aims at the collection of public revenues from one single source, what, in political economy, is termed "rent," and which is the value of land itself, irrespective of the value of any

improvement in or on it. To adopt another form of statement, it is a theory which aims at the appropriation of economic rent, the "unearned increment of land values," to public uses, by means of taxation.

#### SOCIALISM.

Socialism is not communism, which requires a community of goods, nor anarchy, which would abolish all coercive government. Socialism aims to secure a reconstruction of the present system of production and industry, whereby there will be collective ownership of land and capital, and governmental control of all wealth-producing methods. Its motto is: "To everyone according to his deeds."

State socialism demands the suppression of individual liberty in industry, and would probably lead to the suppression of individual liberty in other directions also. Says John Stuart Mill: "What is characteristic of socialism is the joint ownership by all the members of the community of the instruments and means of production; which carries with it the consequence that the division of the produce among the body of owners must be a public act performed according to rules laid down by the community."

#### SOCIETY.

In writing or speaking on economic subjects, it is well to make a distinction between society and government. There could be society without government; there could be no government without society. Government has back of it the power of coercion; it makes one do what one may not desire. Society is a collective body of persons composing a community—any body of persons connected by acquaintance, friendship or neighborhood. As such it has no coercive power, yet its unwritten laws, or customs, may be more powerful than the behests of government.

#### SURPLUS VALUE.

Surplus value, as found in Karl Marx's "Capital," means the entire selling value of a commodity over and above what is paid labor for its production. It includes rent and interest. It is another term for "profit."

#### TRUSTS.

Trusts are corporations authorized to do on a large scale what individuals attempt on a small one. They are the

economic development of the competitive system, and their increase is as inevitable as the seasons. Laws against them, like laws against usury, or laws to compel the loaner of money to pay the taxes on the sum loaned, have no effect except to make it harder to reach and control them. Freed from their monopoly features, which can be done by withdrawing from them all special privileges, they would become powerless to oppress; and where this cannot be done it is evidence that the business is one that it is not safe to leave to the hands of private individuals, and it should be taken and controlled by society.

#### UNION.

A labor union is a combination of one trade or calling for the purpose of sustaining wages, and of giving to wage-workers better industrial conditions than they can secure as individuals. At one time trade unions were under the ban of the law, and their meetings and acts were illegal; but an enlightened public opinion led to the repeal of these laws, while in some states of the union—notably in Michigan—they can be legally incorporated. Some unions call themselves associations, others are christened societies, but all have the same object in view: the appropriating in the form of wages the market price of the commodities manufactured or the services performed.

#### UTILITY.

Utility is often confounded with value. It might be called value in use. Anything has utility which will supply the natural needs of man, contributing to his comfort, prosperity and pleasure. A great many things have utility without value, and other things have value without utility. A savage picks up a stick, and he conceives the idea of utilizing it to make a club, to knock down game, or to make a bow or an arrow. Things having utility often pass through several changes before they become valuable. The antithesis of utility might be called worthlessness.

#### VALUE.

Volumes have been written to express the meaning of the word value. There is value in exchange, and value in use, which is very different. There is great value in air, for without it we could not live, yet it has no exchange value simply because it is free to everybody. A pound of flour has the same value in sustaining life at all times, yet its market value may shift every hour of the day. Location, quantity and rela-

tion to other things regulate its exchangeable value. It depends on the desirability or worth of a thing as compared with something else. Prof. Gregory gives value three notions or elements: (1) utility, (2) effort, or labor required in producing the article valued, and (3) ownership or appropriation.

As a rule, as used herewith, it means value in exchange.

#### WAGES.

Wages is the compensation paid for services. It is synonymous with salary or hire. Wages depend upon the margin of production, or upon the produce which labor can obtain at the highest point of natural productiveness open to it without the payment of rent. It never for any considerable length of time rises much higher or extends much lower than the cost of living.

#### WAGE-WORKER.

While it is true that a Schwab with a hundred thousand dollars salary is a "workingman," and therefore a "wage-worker," in the sense that he works for wages, yet the terms "wage-worker" and "workingman" has come to mean one who has no other means of support than his daily exertion, the compensation for which is just sufficient to maintain his labor strength and enable him to live in the manner usual in his class. A wage-worker is always without capital, except, possibly, a small kit of tools; and generally without wealth. Neither his capital nor his wealth will enable him to live without work.

#### WEALTH.

The term wealth has a much more restricted meaning when used by modern political economists than as used by the general public. Wealth is product, and not the possibility or evidence of product. It may be said to consist of natural products to which human labor has been applied and so modified by human industry as to fit them for the gratification of human desires.